

**MINUTES OF THE MEETING OF THE
SPECIAL MEETING
ROWAN COUNTY BOARD OF COMMISSIONERS
July 18, 2011 – 8:30 AM
J. NEWTON COHEN, SR. ROOM
J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING**

Present: Chad Mitchell, Chairman
Carl Ford, Vice-Chairman
Jon Barber, Member
Jim Sides, Member

Absent - Raymond Coltrain, Member

County Manager Gary Page, Clerk to the Board Carolyn Athey, County Attorney Jay Dees and Finance Director Leslie Heidrick were present.

Chairman Mitchell convened the meeting at 8:30 am.

Chairman Mitchell provided the Invocation and also led the Pledge of Allegiance.

CONSIDER ADDITIONS TO THE AGENDA

Commissioner Ford moved to add a request from the Finance Department (regarding a budget amendment). The motion was seconded by Commissioner Barber and passed unanimously.

Chairman Mitchell added the issue to the agenda as item #1b.

CONSIDER DELETIONS FROM THE AGENDA

There were no deletions from the agenda.

CONSIDER APPROVAL OF THE AGENDA

Commissioner Sides moved, Commissioner Barber seconded and the vote to approve the agenda passed unanimously.

1. PUBLIC HEARING FOR PROJECT NEW EARTH

Rowan County Economic Development Director Robert Van Geons presented the economic impact analysis for the proposed joint venture involving Hitachi Metals NC, Ltd. (Hitachi) in Rowan County. Pat Barton, President and CEO for Hitachi was also in attendance.

Mr. Van Geons provided a power point presentation as he discussed the project and provided the history of Hitachi. Mr. Van Geons said Hitachi was considering a potential joint venture, of which they would be a principal partner. The potential partners are currently considering sites in the United States and Asia and the Hitachi facility in China Grove is among the sites.

Mr. Van Geons reported the proposed joint venture would represent approximately \$71.6 million of new investment in Rowan County and create 148 new positions. The average wage would exceed \$36,000 per year and a comprehensive employee benefits package would also be offered.

Mr. Van Geons said the site was zoned appropriately for its current use and there did not appear to be any regulatory barriers for the project to move forward.

Under Rowan County's adopted Investment Grant Program, Hitachi was eligible to apply for a five-year Level 2 grant; however, Mr. Van Geons said the project was complex and Hitachi was conservative in setting its expectations. Mr. Van Geons said Hitachi would like to reduce its request to a Level I grant; the total project would remain unchanged. Mr. Van Geons reported that the change would benefit the County.

Mr. Van Geons said if the company failed to meet the job requirements during the year, Hitachi would be reduced on a direct percentage basis of the shortcoming for that calendar year.

Mr. Van Geons said he would provide the Board with the revised projected outcomes and that there would be several changes to the draft agreement presented in the agenda packets.

Commissioner Sides said if approved, he would like for the revised agreement to come before the Board before being executed.

Commissioner Sides inquired as to whether Hitachi received an incentive in the 1990's when it first located in Rowan County. Mr. Van Geons responded that the site initially had no infrastructure and water/sewer had been added.

Commissioner Sides asked who paid for the water/sewer infrastructure and Mr. Van Geons said he was not sure.

Commissioner Sides said normally the County's policy was to give a company only one (1) incentive and that he considered the water/sewer infrastructure to be an incentive. Commissioner Sides expressed concern that the same company might be granted a second incentive. Mr. Van Geons explained that the proposed project was for a completely separate company.

Commissioner Sides said the incentive was being requested for Hitachi; however, he pointed out that the employees would be hired by another company. Commissioner Sides said he would like to know who the incentive was being granted to and that it was important for the public to know who the County was dealing with.

Commissioner Sides questioned the employment history for Hitachi over the years. Mr. Barton said Hitachi started strong and in 1995 a second building was constructed. Mr. Barton said in 1998, employment reached 295 people. Mr. Barton said competition hit the market severely around 2000 and in 2001 Hitachi had to stop operations in the second building. Mr. Barton said the history had been good other than the rough stretch in 2008 and 2009 when the automobile industry suffered. Mr. Barton said there were currently 65 employees and approximately 50 temporary employees.

Mr. Barton addressed Commissioner Sides' concern regarding the water/sewer infrastructure in the original 1990's incentive. Mr. Barton explained that Hitachi built the water tower and later sold it to the Town of China Grove for one dollar.

Commissioner Sides said he was convinced Hitachi was good for Rowan County and that the company had a good history. Commissioner Sides said his main concern was whether there was a prior incentive and the County was being asked to give a second incentive. Secondly, Commissioner Sides said the County was being asked to give an incentive to an unnamed company and the County did not know what the process would be. Commissioner Sides said as a citizen and as a sitting Commissioner, he wanted to know such information. Commissioner Sides said the Board normally had the information in order to make its decision.

Mr. Barton addressed a few of Commissioner Sides' concerns and said the company to be formed would be Hitachi/Joint Venture Company. Mr. Barton said he could not reveal the company's name; however, he reported it was a mining company that mined rare earth materials. Mr. Barton said the new facility, if approved, would make rare earth magnets to be used in hydro electric vehicles, wind power applications, elevators and the defense industry. Mr. Barton said he did not want to divulge the company's name since negotiations were still underway.

Commissioner Sides asked Mr. Van Geons what the incentive grant from the State of North Carolina would amount to. Mr. Van Geons said the grant was a

discretionary fund from the Governor and was based per job. Mr. Van Geons added that there would also be grants for tax credits for investment and community college training funds from the State per job.

Commissioner Sides said when grants extend into other municipalities, the municipalities were also asked to participate. Mr. Van Geons said at this time the Town of China Grove had not been asked to participate. Mr. Van Geons said if the project was favorable with the company, the project would be taken to the Town of China Grove, if necessary, in order to make it work.

Chairman Mitchell opened the public hearing to receive citizen input regarding the proposed economic development incentive for Hitachi Metals NC, Ltd.

With no one wishing to address the Board, Chairman Mitchell closed the public hearing.

Commissioner Barber moved to approve the proposed joint venture involving Hitachi Metals for the County's standard Relocation and Assistance Grant Agreement, Level I, which would represent approximately \$71.6 million in new investment and create a direct effect of 148 new jobs. The motion was seconded by Commissioner Ford.

Commissioner Barber said the project involved Hitachi and the company was requesting consideration for what was a Level 2 grant category, to a Level I. Commissioner Barber said the project would represent the single largest expansion since the Duke Energy expansion.

Commissioner Barber expressed appreciation to Hitachi for considering Rowan County for the expansion.

Commissioner Barber reviewed past recent economic development projects and said he felt Rowan County was receiving its fair share of new job opportunities as compared to surrounding counties. Commissioner Barber encouraged the Economic Development Commission to discuss how the County could take its investment grant to the next level.

Commissioner Ford said for years he had wished the County could do something for existing companies. Commissioner Ford said he was glad to have Hitachi in China Grove and for the addition of 148 jobs. Commissioner Ford said Hitachi was evolving and changing with the market and he concluded by expressing appreciation for funds Hitachi puts back into the community.

Commissioner Sides asked Mr. Barton to convey to company officials his stance was not that he did not want to see Hitachi expand but rather he did not support incentives.

Upon being put to a vote, the motion on the floor passed 3-1 with Commissioner Sides dissenting.

Mr. Barton thanked the Board for its past support and for its support of Hitachi's future endeavors.

ADDITION

1b. Consider Approval of Budget Amendment

Finance Director Leslie Heidrick presented the following budget amendment for the Board's approval:

- To budget the 2012 Home Grant for money annually received through the Cabarrus/Iredell/Rowan Consortium - \$185,460

Commissioner Sides moved, Commissioner Barber seconded and the vote to approve the budget amendment as presented passed unanimously.

2. ADJOURNMENT

There being no further business to come before the Board, Commissioner Ford moved to adjourn at 9:07 am. The motion was seconded by Commissioner Barber and passed unanimously.

Respectfully Submitted,

Carolyn Athey, CMC, NCCCC
Clerk to the Board/Assistant to the County Manager